

(C) Clause (iii) of section 56(a)(4)(C) is amended by adding at the end the following new subclause:

"(VI) APPLICATION TO SECTION SOA  
CORPORA-  
TIONS.—References in this clause to  
section 936  
shall be treated as including references  
to section  
SOA".

(D) Subsection (b) of section 59 is amended by striking "section 936." and all that follows and inserting "section SOA or 936. alternative minimum taxable income shall not include any income with respect to which a credit is determined under section SOA or 936."

(E) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. SOA. Puerto Rican economic activity credit."

(F)(i) The heading for subpart B of part IV of subchapter A of chapter 1 is amended to read as follows:

**"Subpart B—Other Credits".**

(ii) The table of subparts for part IV of subchapter A of chapter 1 is amended by striking the item relating to subpart B and inserting the following new item:  
"Subpart B. Other credits".

(c) EFFECTIVE DATE.— 26 use SOA note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) SPECIAL RULE FOR QUALIFIED POSSESSION SOURCE INVESTMENT INCOME.—The amendments made by this section shall not apply to qualified possession source investment income received or accrued before July 1, 1996, without regard to the taxable year in which received or accrued.

(3) SPECIAL TRANSITION RULE FOR PAYMENT OF ESTIMATED TAX INSTALLMENT.—In determining the amount of any installment due under section 6655 of the Internal Revenue Code of 1986 after the date of the enactment of this Act and before October 1, 1996, only 1/4 of any increase in tax (for the taxable year for which such installment is made) by reason of the amendments made by subsections (a) and (b) shall be taken into account. Any reduction in such installment by reason of the preceding sentence shall be recaptured by increasing the next required installment for such year by the amount of such reduction.

**SEC. 1602. REPEAL OF EXCLUSION FOR INTEREST ON LOANS USED TO ACQUIRE EMPLOYER SECURITIES.**

(1) IN GENERAL.—Section 133 (relating to interest on certain loans used to acquire employer securities) is hereby repealed.

(2) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 291(e)(1) is amended by striking clause (iv) and by redesignating clause (v) as clause (iv).

(3) Section 812 is amended by striking subsection (a).

(4) Paragraph (5) of section 852(b) is amended by striking

subparagraph (C).